

~~CONFIDENTIAL~~

10 March 1957

Project Review Committee

Comptroller

PMO Action No. 10/1-171-57, The Research and Development Program

1. The subject proposal requests that an additional \$1,670,000 be made available from Fiscal Year 1957 funds for R&D projects. This action, if approved, would increase the ~~current authorization from~~ [REDACTED] 25X1A be noted that this [REDACTED] is the second increase in the supplemental budget now under review [REDACTED] requested originally for this program. This amount would also reflect an increase of \$1,165,000 above the \$8,165,000 which was actually obligated under the program in Fiscal Year 1956.

2. At present there are no unallocated funds within the D/P/R or the Agency available for this increase. If savings should develop within the D/P/R later in the year, there may be higher priority projects which will require financing, such as the Supplemental Action Program for the Middle East (PMO Action No. 10/1-171-57), [REDACTED] related programs air support costs, and material interchange. There are indications, however, at the current rate of obligation, that sufficient savings will develop within the D/P/R to finance nearly all proposed and pending new activities now under consideration including the R&D increase.

3. We do not now know of any temporary needs which might require the use of any savings which develop later in the year but, subject to such possible future developments, it would appear that financing of most, if not all, of the new programs can be worked out later in the year. In view of this, there is no objection to approval of the increase in principle, with the understanding that funds are not presently available but may be made available for this purpose at a later date from within the approved fund allocation to the D/P/R area subject to approval of D/P/R and concurrence of the Comptroller.

4. A factor to be considered in connection with this proposal is the President's policy to reduce expenditures in Fiscal Years 1957 and 1958. The only effective way to comply with the President's policy is to reduce obligations by deferring any proposed programs, such as the R&D increase, to some future date. This would reduce expenditures in Fiscal Year 1958, as new obligations incurred now would be reflected in increased expenditures in the following year.

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